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October 11, 2006

VIA ECF

Honorable Joanna Seybert
U.S. District Court, Eastern District of New York
Alfonse M. D'Amato Federal Building
100 Federal Plaza, P.O. Box 9014
Central Islip, New York 11722-9014

Re: *S&L Vitamins, Inc. v. Australian Gold, Inc.*, No. 05 CV 1217 (JS)(ML)

Dear Judge Seybert:

We represent Defendant, Australian Gold, Inc. [1] ("Australian Gold") in the above-referenced action. Australian Gold desires to move for summary judgment on its claims of unfair competition and copyright infringement under Rule 56 of Federal Rules of Civil Procedure. Further, Australian Gold also intends to move for summary judgment on S&L Vitamins, Inc.'s ("S&L Vitamins") claim of unfair competition. Accordingly, Australian Gold hereby requests a pre-motion conference pursuant to Your Honor's Individual Motion Practices. Enclosed are courtesy copies of the Australian Gold's Statement of Facts pursuant to Local Rule 56.1 (Docket # 84) and S&L Vitamins's And Third Party Defendant Larry Sagarin's Response to Australian Gold's Statement Pursuant to Local Rule 56.1 (Docket # 86).

On March 4, 2005, S&L Vitamins filed a lawsuit against Australian Gold in New York seeking declaratory judgment that its activities did not constitute trademark infringement or interference with Australian Gold's contracts with its distributors. Australian Gold counterclaimed against S&L Vitamins and filed suit against Sagarin asserting claims, among others, of unfair competition and copyright infringement.

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[1] Australian Gold is a leading manufacturer of premium tanning lotions used in the indoor tanning industry. Australian Gold is the manufacturer of Australian Gold®, Caribbean Gold® and Swedish Beauty® tanning lotions and owns the intellectual property associated with those brands, including all related trademarks and copyrights. Australian Gold permits the sale of its products only to tanning salons. Internet sales and sales in non-tanning salon retail outlets are prohibited.

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Australian Gold now seeks leave to move for summary judgment for the following reasons:

(1) Copyright Infringement Under 17 U.S.C. § 106 (Counterclaim, Count I)

S&L Vitamins advertises and offers for sale Australian Gold's products through its "BodySourceOnLine.Com" Internet web site in connection with images of Australian Gold's products that include Australian Gold's trademarks and copyrighted label artwork. The images of Australian Gold's copyrighted works have been modified by the addition of S&L Vitamins's own "BodySourceOnLine.Com" trade name, logo and other artwork, that are positioned adjacent to or superimposed over the image of the product in a manner that obliterates, hides or confuses Australian Gold's trademarks. Furthermore, S&L Vitamins has added the phrase "All Rights Reserved" directly beneath its images of Australian Gold's copyrighted works. S&L Vitamins is not an authorized dealer of Australian Gold's products, nor is S&L Vitamins's otherwise authorized or licensed to alter and modify Australian Gold's copyrighted works or use Australian Gold's trademarks.

S&L Vitamins' images of Australian Gold's copyrighted works that have been modified by the addition of S&L Vitamins's "BodySourceOnLine.Com" trade name, logo and other artwork, and by the addition of the phrase "All Rights Reserved," constitute unauthorized derivative works of the copyrighted label artwork of Australian Gold's products, in violation of Australian Gold's exclusive rights under 17 U.S.C. § 106. See *Tienshan, Inc. v. C.C.A. Int'l (N.J.), Inc.*, 895 F. Supp. 651, 658 (S.D.N.Y. 1995) (addition of trademark, logo and text to photograph constitute original expression).

(2) Unfair Competition Under § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a) (Counterclaim, Count III)

S&L Vitamins's aforementioned use of its own trade name, logo and other artwork in connection with images of Australian Gold's products and trademarks constitutes false designation of origin in violation of 15 U.S.C. § 1125(a), in that it is likely to cause confusion as to the origin of the products or is likely to cause the public to believe that S&L Vitamins is part of Australian Gold's authorized sales network. Additionally, S&L Vitamins's use of Australian Gold's trade marks in the metatags of its website and with Yahoo's "pay for placement" services cause further confusion as to the origin of the products. See *Prompt Elec. Supply Co., Inc. v. Allen-Bradley Co.*, 492 F. Supp. 344, 349 (E.D.N.Y. 1980) (granting summary judgment that plaintiff's use of its trade name in connection with defendant's trademarks "conveys the impression that [plaintiff] is an … authorized dealer" of defendant's goods); *Web Printing Controls Co., Inc. v. Oxy-Dry Corp.*, 906 F.2d 1202, 1203-04 (7th Cir. 1990) (likelihood of confusion created by distributor's "misbranding" of manufacturer's products through the use of a combination of the parties' trademarks).

Furthermore, S&L Vitamins's use of the phrase "All Rights Reserved" in connection with its images of Australian Gold's products is likely to cause the public to mistakenly believe that S&L Vitamins is the creator or originator of Australian Gold's copyrighted works. See *Waldman Publ'g Corp. v. Landoll, Inc.*, 848 F.Supp. 498, 503-04 (S.D.N.Y. 1994) ("[Defendant] has simply misappropriated [Plaintiff's] product and is selling it as its own, without any attribution of credit to the true sources."), aff'd in part, *Waldman Publ'g Corp. v. Landoll, Inc.*, 43 F.3d 775, 781 (2d Cir. 1994) ("the Lanham Act prohibits … the reproduction of a work with a false representation as to its creator").

(3) S&L Vitamins's Claim of Unfair Competition (Claim III)

S&L Vitamins claims that the cease and desist letters it received from Australian Gold, and Australian Gold's subsequent actions were done by Australian Gold in an effort to obtain an unfair business advantage over S&L Vitamins. S&L Vitamins also alleged that it was and continues to be damaged by Australian Gold's actions. (*See* S&L Vitamins's Complaint at ¶¶ 44-51.) However, S&L Vitamins, in its response to Australian Gold's 56.1 Statement, has conceded that it has suffered no economic harm in this matter. (*See* ¶ 70 of Australian Gold's 56.1 Statement and S&L Vitamins's Response to Australian Gold's 56.1 Statement.)

In view of the forgoing, Australian Gold believes that it is entitled to move for summary judgment and respectfully requests a pre-motion conference. Counsel for S&L Vitamins has advised us that S&L Vitamins also intends to seek leave to file a motion for summary judgment. Accordingly, S&L agrees that a pre-motion conference should be held.

We are available at the Court's convenience if the Court has any questions or comments concerning this application.

Respectfully submitted,

Francis J. Earley

Enclosures

cc: Ronald Coleman Esq. (via ECF w/out enclosures)